



General Assembly

Amendment

January Session, 2009

LCO No. 6703

SB0116206703SR0

Offered by:

SEN. MCKINNEY, 28th Dist.

SEN. FASANO, 34th Dist.

SEN. RORABACK, 30th Dist.

SEN. DEBICELLA, 21st Dist.

To: Senate Bill No. **1162**

File No. 854

Cal. No. 551

"AN ACT CONCERNING EXPENDITURES OF APPROPRIATED FUNDS OTHER THAN THE GENERAL FUND."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Subsection (a) of section 4-30a of the general statutes is
4 repealed and the following is substituted in lieu thereof (*Effective July*
5 *1, 2009*):

6 (a) After the accounts for the General Fund have been closed for
7 each fiscal year and the Comptroller has determined the amount of
8 [unappropriated] surplus in said fund, after any amounts required by
9 provision of law to be transferred for other purposes have been
10 deducted, the amount of such surplus shall be transferred by the State
11 Treasurer to a special fund to be known as the Budget Reserve Fund.
12 When the amount in said fund equals ten per cent of the net General

13 Fund appropriations for the fiscal year in progress, no further transfers
14 shall be made by the Treasurer to said fund and the amount of such
15 surplus in excess of that transferred to said fund shall be deemed to be
16 appropriated to the State Employees Retirement Fund, in addition to
17 the contributions required pursuant to section 5-156a, but not
18 exceeding five per cent of the unfunded past service liability of the
19 system as set forth in the most recent actuarial valuation certified by
20 the Retirement Commission. Such surplus in excess of the amounts
21 transferred to the Budget Reserve Fund and the state employees
22 retirement system shall be deemed to be appropriated for: (1)
23 Redeeming prior to maturity any outstanding indebtedness of the state
24 selected by the Treasurer in the best interests of the state; (2)
25 purchasing outstanding indebtedness of the state in the open market at
26 such prices and on such terms and conditions as the Treasurer shall
27 determine to be in the best interests of the state for the purpose of
28 extinguishing or defeasing such debt; (3) providing for the defeasance
29 of any outstanding indebtedness of the state selected by the Treasurer
30 in the best interests of the state by irrevocably placing with an escrow
31 agent in trust an amount to be used solely for, and sufficient to satisfy,
32 scheduled payments of both interest and principal on such
33 indebtedness; or (4) any combination of these methods. Pending the
34 use or application of such amount for the payment of interest and
35 principal, such amount may be invested in (A) direct obligations of the
36 United States government, including state and local government
37 treasury securities that the United States Treasury issues specifically to
38 provide state and local governments with required cash flows at yields
39 that do not exceed Internal Revenue Service arbitrage limits, (B)
40 obligations guaranteed by the United States government, and (C)
41 securities backed by United States government obligations as collateral
42 and for which interest and principal payments on the collateral
43 generally flow immediately through to the security holder. In no event
44 may any surplus funds be used to pay for recurring expenditures of
45 the state."